

**GASB Statement No. 54 -
*Fund Balance Reporting and
Governmental Fund Type
Definitions***



GASB Statement No. 54

Purposes:

- **Redefines governmental fund types.**
- **Creates new fund balance reporting categories for governmental fund types**



GASB 54 Definition of Special Revenue Fund

- “...used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.”



GASB 54 Definition of a Capital Projects Fund

- “...used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets.”



Fund Balance Old

- **Fund Balance = Assets – Liabilities**
- **Old fund balance designations:**
 - **Reserved – inventory, encumbrances, land activities**
 - **Unreserved**
 - ✓ **Designated – subsequent years expenditures, economic stabilization**
 - ✓ **Undesignated – everything else**



Fund Balance New

- **Fund Balance = Assets - Liabilities**
- **New designations under GASB 54**
 - **Nonspendable**
 - **Spendable**
 - ✓ **Restricted**
 - ✓ **Committed**
 - ✓ **Assigned**
 - ✓ **Unassigned**



Potential Policy Decisions

- Economic Stabilization Reserves
- Consider Adopting a Fund Balance Policy



Economic Stabilization Reserves

- **Currently classified as Unreserved/Designated Fund Balance**
- **A policy compliant with GASB 54 needs to be adopted if the reserve is to continue to be presented as a classification (committed) of fund balance.**
- **If we don't adopt a policy then the reserve becomes unassigned**

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Fund Balance Policy

- Establish the order of expenditure of funds by classification.
- Define the specific steps required for the process of committing funds.
- Include the specifics of a stabilization policy
- Create a minimum fund balance policy

